



CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

ER 6-0023
(Ref ER 5-9763 &
5-9763a)

14 September 1954

MEMORANDUM FOR: DEPUTY DIRECTOR/INTELLIGENCE

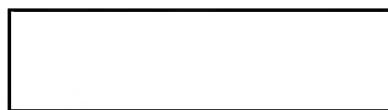
SUBJECT: Compilation by the IAC of a Special
Budget Analysis

REFERENCES: a. Letter to DCI from Director, Bureau
of the Budget, dated 3 Sept 54
(ER 5-9763)

b. Copy of letter to Director, Bureau
of the Budget, from DCI, dtd
13 Sept 54 (ER 5--9763a)

1. Please note the attached letter from Mr. Hughes
dated 3 September respecting the compilation by the IAC
of a special budget analysis summarizing by Member Agency
the '56 budget estimates for overt intelligence collection
activities which are the direct responsibility of the
Members of the IAC, and the Director's reply thereto.

2. The Director has asked that this matter be
discussed in Executive Session at an early IAC Meeting,
and that you speak to General Cabell to determine whether
all Members should be present at this Session.



25X1

Executive Assistant
to the Director

Attachments:

References a. & b.

DOCUMENT NO. _____
NO CHANGE IN CLASS.
1) ENCLOSURE(S)
CLASS: SH 5001 100 10 500
MINT PERIOD: 1954-1964
AUTH: ER 10-6
DATE: 1/1981 REVIEWER: _____

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ER 5-9763a

13 SEP 1954

Mr. Rowland Hughes, Director
Bureau of the Budget
Executive Office of the President
Washington 25, D. C.

Dear Mr. Hughes:

I appreciate your letter of 3 September regarding bringing certain intelligence budget matters before the IAC.

Your proposal will be presented at an early meeting of the IAC, and after this meeting, I will be in further touch with you.

Sincerely,

SIGNED,

Allen W. Dulles
Director

STAT O/DCI [] ji (10 September 1954)

Distribution:

Orig - Addressee

1 - DCI

1 - Reading

1 - ER w/cy basic

1 - VML Chrono

1 - DD/I w/basic ✓ covering memo (ER 6-0023)

ER 5-9763

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

SEP 3 1954

My dear Mr. Dulles:

The recent brief review of the "intelligence community" by Budget Bureau staff, together with the fiscal compilation, has provided me with a helpful background of the scope and content of our entire foreign intelligence effort. It has been similarly useful to Mr. Cutler and Mr. Lay.

This study, of course, was addressed to fiscal year 1954, and did not attempt to identify the future budget requirements of intelligence activities. While our survey will give us more perspective for reviewing certain 1956 budget submissions, it also has pointed up the need for a broader approach to intelligence programs than provided by the regular budget "call", (Budget Bureau Circular A-11, revised August 9, 1954). Specifically, I have in mind that the Intelligence Advisory Committee might compile a special budget analysis summarizing by member agency the 1956 budget estimates for those overt intelligence collection activities which are the direct responsibilities of the officers comprising the Committee. As illustrated by the attached form, the activities to be reported would be those identified as "overt collection" in the recent study. Estimates of budget requests probably will be required in some programs (e.g. military attaches) where parts of the costs are not under the purview of the IAC member, and/or when the 1956 budget requests are not yet firm.

I am addressing this request to the Committee, through you as its chairman, rather than to the heads of the executive departments and agencies concerned, because of the obvious need for a joint review and evaluation of those proposed activities. The most significant part of the analysis should be a simple exposition by the membership on: (1) the interagency arrangements, supplemental to the NSC Intelligence Directives, which will be used to produce an effective and coordinated overt intelligence collection program in 1956; (2) an evaluation of the sufficiency of the several agencies' requests in the light of that program; and (3) the areas of activity which may require altered emphasis and/or modified coordination in the near future.

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In determining the request outlined above, we have been impressed with the continuing problems of intelligence collection, some of which came to my specific attention during the past year. At one point we understood that the IAC had undertaken or had considered undertaking an overall study of overt collection. These considerations, together with the interest in this and other aspects of intelligence community cooperation which has been evidenced by the rest of the Executive Office and the Congress, led us to focus special attention on this problem at this time.

I wish to make it clear that, while this analysis will be a guide to us for arriving at 1956 allowances for regular appropriations, it will not affect existing appropriation structure or the submissions of your respective agencies to the Congress.

I have not attempted to spell out the exact details of the requested analysis, but Mr. Macy and the staff of the International Division are prepared to answer any questions which may be raised by this letter. In order to be most helpful, the material should reach me by November 1, 1954.

Your cooperation and that of all the IAC members will be greatly appreciated.

Sincerely yours,

Howard Hughes
Howard Hughes
Director

Honorable Allen W. Dulles
Director
Central Intelligence Agency
Washington 25, D. C.

Attachment

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1956 Budget Estimates

(In thousands of dollars)

Overt Collection Activity	Army	Navy	AF	CIA	State	Total
	Man Years					
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars

Domestic
' specify)

Foreign
Attaches & Foreign Service

Other (specify)

TOTAL

Discussion of Collection Effort